

Strategic Risk Taxonomy

LO Risk	L1 Risk	L2 Risk	Further Description
Strategic Risk	Strategic Risk	1. Definition of strategy	<ul style="list-style-type: none"> a. Appropriate assumptions b. Appropriate governance
		2. Economic environment risk	<ul style="list-style-type: none"> a. Demographic changes and their impact on labor supply b. Shift in monetary policy (e.g., high interest rates) c. Decrease in disposable income of key target client segments d. Widening of credit spreads
		3. Geopolitical/political risk	<ul style="list-style-type: none"> a. Shifting pressures in trade wars/new trade wars b. Change in trade agreements (e.g., Brexit) c. Increase in terrorism d. Change in tax laws
		4. Industry and competition risk	<ul style="list-style-type: none"> a. Competitive disruption in current industries/geographies b. Technological disruption (e.g., rise of fintech)
		5. Environmental risk	<ul style="list-style-type: none"> a. Shifting focus on social change in areas of operation b. Shifting focus on environmental, social, and governance (ESG) requirements c. Transition/green finance opportunities to position bank for bigger wallet share in this area
		6. Risks related to investors/shareholders	<ul style="list-style-type: none"> a. Shifting focus on social change in areas of operation b. Shifting focus on environmental, social and governance (ESG) requirements c. Transition/green finance opportunities to position bank for bigger wallet share in this area
		7. Customer/client behavior risks	<ul style="list-style-type: none"> a. Shift in preferences to digital customer experience b. Shift in preferences to more rapid decisions
		8. Regulatory and legislative environment risks	<ul style="list-style-type: none"> a. Increased supervision on banking industry b. New legislations/regulations (e.g., increase in capital requirement)
		9. Execution of strategy	<ul style="list-style-type: none"> a. Adequate resourcing b. Appropriate implementation c. Timeliness of changes

For the full enterprise-wide taxonomy please follow [this link](#).